

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

October 29, 2003

Board members present:

STEVEN JEFFREY, Chairperson, Employee Representative (term expiring July 1, 2004)

DAVID LEWIS, Employer Representative (term expiring July 1, 2006)

W. JOHN MITCHELL, II, Vice-Chairperson, Employee Representative (term expiring July 1, 2005)

MARIE DUQUETTE, Governor's delegate

JEB SPAULDING, Vermont State Treasurer

Also attending:

Cynthia Webster, Director of Retirement Operations

David Driscoll, Mellon Human Resources & Investor Solutions

Michael McShane, Assistant Attorney General

The Chairperson, Steve Jeffrey, called the meeting to order at 10:55 a.m. on Wednesday, October 29, 2003, in the Treasurer's Conference Room #2 at 133 State Street, Montpelier, Vermont.

ITEM 1: Any other business to be brought before the Board

At 10:56 a.m. on a motion by Mr. Mitchell seconded by Mr. Lewis, the Board unanimously voted to enter into executive session pursuant to Title 1 § 313 to acquire legal advise from Assistant Attorney General McShane.

At 11:34 a.m. the Board moved out of executive session.

The Board requested that Ms. Webster develop recommendations for methods to verify whether compensation being reported by participating entities includes overtime and present the proposals to the Board at the November 21, 2003 meeting.

ITEM 2: Fiscal Year 2003 Actuarial Valuation

David Driscoll advised the Board that effective October 1, 2003 after 87 years the company name of Buck Consultants was changed to Mellon Human Resources & Investor Solutions. The change is the result of the 1987 acquisition of Buck Consultants and subsequent purchases and mergers by Mellon with a variety of business service entities. He assured the Board that there would be no change in his role to the State of Vermont or the service provided.

Mr. Driscoll reviewed the FY'03 Actuarial Valuation. He advised the Board that the primary reason for the erosion of the fund's surplus is the result of adverse investment returns. A 10% increase in membership is evident and primarily due to the inclusion of two new entities during FY'03.

Mr. Driscoll advised the Board that pursuant to statute, the system's 5-year experience study would be conducted as timely as possible, which could include other funding methods, if the Board so desired.

Discussion ensued regarding the actuary's report and the effect the experience study may have on the recommendations.

On a motion by Mr. Spaulding seconded by Mr. Lewis, the Board voted to accept the actuarial report and set the employer rates effective July 1, 2004 as recommended by the actuary on page 7 of the report: Group A – 4% Group B – 5% Group C – 6% Group D – 9% and to conduct the 5-year experience to be presented to the Board with alternative funding methods. Mr. Jeffrey, Mr. Lewis, Mr. Spaulding and Ms. Duquette voted yes. Mr. Mitchell voted no.

ITEM 2: Approval of minutes for July 11, 2003 and August 22, 2003

Action on the approval of these minutes was deferred to the November 21, 2003 meeting.

ITEM 3: Discuss/Act on acceptance of Brattleboro PD into VMERS Group D plan

Ms. Webster advised the Board that Brattleboro PD was not ready to request membership. Action on this item was tabled to a meeting at a later date.

ITEM 4: Plan overview

The Board was provided an overview of the plan membership including the names of the participating entities and numbers of members in each group.

ITEM 5: Ratify the disability retirement for: *Gilbert Marsh and Michael C. Cochran*

On a motion by Mr. Mitchell seconded by Ms. Duquette, the Board voted to approve the disability retirement for Gilbert Marsh and Michael Cochran. Mr. Spaulding, Mr. Mitchell, Mr. Jeffrey and Ms. Duquette voted yes. Mr. Lewis abstained.

ITEM 6: Possible legislative proposals

Ms. Webster advised the Board to expect a housekeeping bill during the 2004 session. The Board will discuss possible language for the bill at the November 21, 2003 meeting.

On a motion by Mr. Mitchell seconded by Ms. Duquette, it was unanimously voted to adjourn at 1:00 p.m.

Respectfully submitted,

Cynthia Webster
Secretary to the Board

GOALS

The Board established the following list of goals to be addressed in the future:

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TO DO's

<u>Who</u>	<u>What</u>	<u>When</u>	<u>Done</u>
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**** = for possible 2004 legislative changes**

CLW/All	Adopt final policy re: joining entities w/prior service liabilities (7/11#3)	ASAP	
CLW	Prepare legislative language for VSA 24 §5042 to Clarify definition (7/11 #5)	11/21/03**	
CLW	Send letter to Fidelity re: info provided to potential DC members (7/11 #6)	ASAP	
D Minot	Question letter from NEPC (7/11 #8)	ASAP	
D Minot	Investigate 5/23/03 asset allocation table consistency (7/11 #8)	ASAP	
CLW	Develop methods & recommendations for verifying wages & OT (10/29 #1)	11/21/03	
All	Examine new funding methods w/actuary (10/29 #2)	ASAP	